

MINUTES OF THE  
HIGHER EDUCATION APPROPRIATIONS SUBCOMMITTEE  
FRIDAY, FEBRUARY 9, 2001, 2:00 P.M.  
Room 223, State Capitol Building

Members Present: Sen. Lyle Hillyard, Committee Co-Chair  
Rep. Afton Bradshaw, Committee Co-Chair  
Sen. Paula Julander  
Sen. Peter Knudson  
Rep. Patrice M. Arent  
Rep. Katherine M. Bryson  
Rep. Margaret Dayton  
Rep. Patricia W. Jones  
Rep. LaWanna "Lou" Shurtliff  
Rep. Richard M. Siddoway  
Rep. Gordon E. Snow  
Rep. Stephen H. Urquhart

Members Excused: Sen. Steve Poulton  
Rep. Martin R. Stephens

Staff Present: Boyd A. Garriott, Senior Legislative Fiscal Analyst  
Debra Headden, Legislative Fiscal Analyst  
Rolayne Day, Secretary

Public Speakers Present: Commissioner Cecelia Foxley  
Charlie Johnson, Chair, Board of Regents

Visitor List on File

Committee Co-Chair Bradshaw called the meeting to order at 2:15 p.m.

1. Finalize Budget Recommendations—The Executive Appropriations Committee has given higher education \$29,552,000, \$15.2 million of which is on-going.

**MOTION:** Sen. Julander moved to adopt minutes of the February 2, 2001, and February 5, 2001, meetings.

The motion passed unanimously with Sen. Knudson absent at the time of voting.

Sen. Hillyard distributed and explained handouts with various funding proposals. No money was allocated to any of the bills assigned to the Committee in any of the proposals. Rep. Arent expressed concern that the School of Medicine's needs are not in any of the scenarios. Rep. Snow said the formula hasn't been funded in any of the proposals. Regent Chair Charlie Johnson agreed but noted that higher education wasn't given sufficient money to fund the formula. Commissioner Foxley said funding 27% of the enrollment growth isn't fair since the students are already on campus and it sends a message that the institutions should close their doors. She encouraged the Committee to lobby for releasing money from the Education Protection Fund and to take a smaller tax cut.

Rep. Snow commended the Co-Chairs for putting a budget together with so little available funding. Sen. Hillyard said he doesn't want to raise tuition any higher than 4%, but Rep. Bryson said there is no other recourse if the needs are not funded. Rep. Arent said it would make sense to take a lower tax cut and

use the money to help the State. Rep. Siddoway said there is a difference in philosophies—does a surplus mean that you have more money to spend or that the tax payers' money should be returned to them. They are looking at a 10% increase from last year's budget and some in leadership think that is too much.

**MOTION:** Rep. Dayton moved that the Committee request money for higher education needs from the State's Rainy Day Fund.

Rep. Urquhart spoke against the motion saying that the needs of higher education are not an emergency and the caucuses need to reconsider the tax cut issue and the Education Protection Fund. Sen. Hillyard pointed out that the Rainy Day Fund is all one-time money whereas the tax cut is on-going. The Education Protection Fund is half on-going and half one-time. Rep. Jones expressed concern that she will not have a voice in the caucus decision because she is a member of the minority party.

**SUBSTITUTE MOTION:** Sen. Hillyard moved to ask the Executive Committee for an additional \$14.2 million for higher education to bring the formula to 100% funding based on the Sheet F, Alternative One funding plan.

Reps. Shurtliff, Arent, and Urquhart and Fiscal Analyst Boyd Garriott spoke to the motion. Sen. Knudson said his perception is that House leadership is very set on the tax cut, but the Senate leadership is soft on the issue. Mr. Garriott asked if the \$14.2 million would be presented as a building block. Sen. Hillyard said the Co-Chairs would present the budget and tell the Executive Committee that is how the allotted money would be spent but they need \$14.2 million more to solve the problems in the system; it will be the first building block.

Rep. Snow called the question on the motion, and the substitute motion passed unanimously.

**MOTION:** Sen. Hillyard moved to request that the Executive Committee give UEN an additional \$2,179,000 in on-going money to fund the analysts' recommendations .

The motion passed unanimously.

**MOTION:** Sen. Hillyard moved for approval of the FY 2002 Base Budget for the Utah System of Higher Education of \$737,522,800 which includes: \$376,654,800 in General Funds, \$217,100 in Uniform School Funds, \$164,209,300 in Income Tax, \$4,592,900 in Federal Funds, \$186,488,500 in Dedicated Credits, \$752,700 in Dedicated Credits-Land Grant Trust, \$607,500 in Mineral Lease Funds, and \$4,000,000 in Tobacco Settlement Funds as indicated on the USHE-FY 2002 Adjustment table in the FY 2002 Adjusted Base column (8<sup>th</sup> column, Sheet J).

The motion passed unanimously.

**MOTION:** Sen. Hillyard moved for approval of the FY 2002 Base Budget for the Utah Education Network of \$13,355,700 which includes \$2,413,600 in General Funds, \$10,936,800 in Uniform School Funds, and \$5,300 in Income Tax as indicated on the UEN-FY 2002 Adjustments table in the FY 2002 Adjusted Base column (6<sup>th</sup> column, Sheet K).

The motion passed unanimously.

**MOTION:** Sen. Hillyard moved for approval of the appropriation of \$203,000 in Mineral Lease Funds for FY 2002 for Utah State University's Water Research Lab.

Mr. Garriott noted that this motion would bring the funding to the statutory level.

The motion passed unanimously.

**MOTION:** Sen. Hillyard moved for approval of the transfer of General Funds of \$5,600 from the University of Utah's Museum of Natural History to the Education and General line item. He further moved to transfer Uniform School Funds of \$5,600 from the University of Utah's Education and General line item to the Museum of Natural History.

The motion passed unanimously.

**MOTION:** Sen. Hillyard moved for approval of the transfer of General Funds of \$17,700 from the University of Utah's School of Medicine to the Regional Dental Education Program.

The motion passed unanimously.

**MOTION:** Sen. Hillyard moved to approve the transfer of Tobacco Settlement Funds of \$4,000,000 from the University of Utah's School of Medicine to Education and General.

The motion passed unanimously.

**MOTION:** Sen. Hillyard moved to approve the transfer of \$117,900 in General Funds from the University of Utah's Center for Economic Development to Education and General.

The motion passed unanimously.

**MOTION:** Sen. Hillyard moved to approve the transfer of \$2,241,700 in General Funds and \$1,300 in Income Tax for a total of \$2,243,000 from the University of Utah's Mineral Lease to Research and Training.

The motion passed unanimously.

**MOTION:** Sen. Hillyard moved to approve the transfer of \$241,700 in General Funds and \$300 in Income Tax for a total of \$242,000 from the State Board of Regents' Training for the Sensory Impaired to the University of Utah's Education and General.

The motion passed unanimously.

**MOTION:** Sen. Hillyard moved to approve the transfer of \$10,400 in General Funds from Utah State University's Education and General to the Cooperative Extension.

Fiscal Analyst Debra Headden said this corrects a reduction in travel funding.

The motion passed unanimously.

**MOTION:** Sen. Hillyard moved to transfer \$75,000 in General Funds from Utah State University's Agriculture Experiment Station to the Cooperative Extension.

The motion passed unanimously.

**MOTION:** Sen. Hillyard moved to transfer \$1,576,500 in General Funds and \$1,100 in Income Tax for a total of \$1,577,600 from Utah State University's Mineral Lease to Research and Training.

The motion passed unanimously.

**MOTION:** Sen. Hillyard moved to approve transfer of \$4,800 in General Funds from Snow College South's Education and General to the Snow College Education and General.

The motion passed unanimously.

**MOTION:** Sen. Hillyard moved to approve the reduction in dedicated credits from Snow College South Education and General of \$326,668.

The motion passed unanimously.

**MOTION:** Sen. Hillyard moved to approve the transfer of \$2,200 in General Funds from the College of Eastern Utah's San Juan Center to the College of Eastern Utah's Education and General.

The motion passed unanimously.

**MOTION:** Sen. Hillyard moved to approve the transfer of \$4,000 in General Funds from Salt Lake Community College's Skill Center to Salt lake Community College's Education and General.

The motion passed unanimously.

**MOTION:** Sen. Hillyard moved to approve adding an additional program in the State Board of Regents' Financial Aid line item for New Century Scholarships and to transfer \$13,200 from Financial Aid to New Century Scholarships.

The motion passed unanimously.

**MOTION:** Sen. Hillyard moved to transfer \$236,400 from the University of Utah in Income Tax from the Statewide Television Administration to the Utah Education Network's Ednet/UtahLINK line item.

The motion passed unanimously.

**MOTION:** Sen. Hillyard moved to approve the transfer of \$318,400 from the University of Utah in Income Tax and \$181,600 in General Funds for a total of \$500,000 from the KUED and County Transmitter to the Utah Education Network's Ednet/UtahLINK line item.

The motion passed unanimously.

**MOTION:** Sen. Hillyard moved to approve a negative supplemental appropriation for Internal Service Funds for the Utah System of Higher Education of (\$17,700) in State Funds for FY 2001.

The motion passed unanimously.

**MOTION:** Sen. Hillyard moved to approve a negative supplemental appropriation for Internal Service Funds for the Utah Education Network of (\$200) in State Funds for FY 2001.

The motion passed unanimously.

Mr. Garriott explained the base budget handout.

**MOTION:** Sen. Hillyard moved to approve on-going and one-time funding on Sheets F and I (attached) based on the money given by the Executive Committee.

Rep. Snow called for question on the motion, and the motion passed unanimously with Sen. Knudson absent at the time of voting.

**MOTION:** Rep. Arent moved to fund \$5 million for the University of Utah's Medical Center as the third building block.

**AMENDMENT TO THE MOTION:** Rep. Bryson moved to add funding for 1<sup>st</sup> Substitute H.B. 236, Higher Education Classroom Costs in Underserved Areas by Rep. Ferry (\$125,000 at the Brigham City site; \$35,000 at the Moab site; and \$133,000 at the Tooele site for a total of \$293,000), H.B. 223, Appropriation for Utah Semiconductor Technical Center by Rep. Bryson (\$500,000), and H.B. 99, Reading Skills Development Center Amendments by Rep. Morgan (\$450,000), to the building block.

Rep. Arent accepted the amendment to the motion.

**SUBSTITUTE MOTION:** Rep. Urquhart moved to wait and see if additional funds become available.

Reps. Bryson and Arent spoke against the substitute motion.

The substitute motion failed with Rep. Urquhart voting aye and Sens. Hillyard and Julander and Reps. Bradshaw, Arent, Bryson, Dayton, Jones, Shurtliff, Siddoway and Snow voting nay, and Sen. Knudson absent at the time of voting.

The original motion passed unanimously.

**MOTION:** Sen. Hillyard moved to adopt intent language as follows:

*It is the intent of the Legislature that funding be designated for distance learning programs development by the nine USHE institutions. The Regents are also directed to establish accountability measures and a master plan for the operation of the item in consultation with the nine institutions and the Legislative Fiscal Analyst.*

The motion passed unanimously.

**MOTION:** Rep. Dayton moved to adopt intent language as follows:

*It is the intent of the Legislature that the Utah System of Higher Education in submitting its budget for FY 2002 for the educationally disadvantaged shall separate their request by the main campus and by any branch campuses. It is further the intent of the Legislature that the Office of Legislative Fiscal Analyst in preparing the annual Appropriations Act for FY 2002 shall separate into line items of appropriation those requests approved for the educationally disadvantaged by the main campus and by any branch campuses.*

The motion passed unanimously.

**MOTION:** Sen. Hillyard moved to adopt intent language as follows:

*It is the intent of the Legislature that tuition revenue generated from tuition rate increases shall remain with the institution after funding compensation. However, the allocation of tuition revenue for institutional needs should be determined by the President of each institution, in consultation with the student body representatives.*

The motion passed unanimously.

**MOTION:** Sen. Hillyard moved to adopt intent language as follows:

*It is the intent of the Legislature that all Utah System of Higher Education institutions use facility operation and maintenance (O&M) funding consistent with State agencies only for O&M purposes.*

The motion passed unanimously.

**MOTION:** Sen. Hillyard moved to adopt intent language as follows:

*It is the intent of the Legislature that any salary increases be distributed to faculty, professional and classified employees in an equitable manner.*

The motion passed unanimously.

**MOTION:** Sen. Hillyard moved to adopt intent language as follows:

*It is the intent of the Legislature that the State Board of Regents in consultation with the Utah Academic Library Consortium should coordinate the acquisition of library materials for the nine USHE institutions.*

The motion passed unanimously.

**MOTION:** Sen. Hillyard moved to adopt intent language as follows:

*It is the intent of the Legislature that patient fees shall be retained by the Hospital provided that they are spent in compliance with the Hospital's operating budget approved by the State Board of Regents.*

The motion passed unanimously.

**MOTION:** Sen. Hillyard moved to adopt intent language as follows:

*It is the intent of the Legislature that the USHE complete and submit all financial reports (i.e. A-1's, R-1's, S-10's, and S-12's, etc.) to the Office of the Legislative Fiscal Analyst by October 1 of each fiscal year.*

The motion passed unanimously.

**MOTION:** Rep. Snow moved to adopt intent language as follows:

*It is the intent of the Legislature that the budgets of Utah State University's Southeastern Continuing Education Center, and the College of Eastern Utah at the Price and San Juan Campuses be held harmless this fiscal year because of the temporary nature of the downturn in enrollments. In addition, it is projected that the enrollments will be substantially higher than predicted by the Board of Regents in this academic year and will reach the enrollment target in the next academic year.*

The motion passed unanimously.

**MOTION:** Sen. Hillyard moved to adopt intent language as follows:

*It is the intent of the Legislature that developmental classes at Utah State University Branch campuses and extension centers be converted to budget related enrollments.*

The motion passed unanimously.

**MOTION:** Sen. Hillyard moved to reconsider the action taken on the \$14.2 million request for additional funding from the Executive Appropriations Committee.

The motion passed unanimously with Sen. Knudson absent at the time of voting.

**MOTION:** Sen. Hillyard moved to ask the Executive Committee for an additional \$14.2 million for higher education to bring the formula to 100% funding based on the Sheet F, Alternative One funding plan and to add \$200,000 to hold the schools harmless as per the intent language regarding Utah State University's Southeastern Continuing Education Center, and the College of Eastern Utah at the Price and San Juan Campuses.

The motion passed unanimously with Sen. Knudson absent at the time of voting.

Sen. Hillyard wants to make sure that all employees in the system receive salary increases and asked if that needs to be contained in intent language. Mr. Garriott said that can be made under technical changes. Sen. Hillyard said intent language will be drafted about cost savings in health and dental insurance to be presented later. Sen. Hillyard also listed recommendations for interim studies and reporting as follows:

1. Make sure all employees are covered, including contract employees
2. Report back on saving (cost reductions) in health and dental insurance.
3. Report back on saving (cost reductions) in new facility O&M.
4. Report on how the formula is working: to meet basic student and institutional needs, were accountability measures developed to measure performance and fostered cost efficiencies
5. Have Analysts review costs and efficiencies of USU/CEU at Moab and Blanding
6. Report on wireless technology initiative at SLCC. How does it integrate with UEN and the services they provide?
7. Report on funding Brigham City & Tooele lease costs for continuing ed centers.
8. Report on funding need for UofU hospital and School of Medicine.

Rep. Bradshaw said that Monday's meeting will be canceled.

**MOTION:** Rep. Bryson moved to adjourn.

Committee Co-Chair Bradshaw adjourned the meeting at 4:15 p.m.

Minutes were reported by Rolayne Day, Secretary.